



Title: Title I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 08-1, California State Income Tax Withholding

Date: February 29, 2008

To: Holders of TAXES (State of California only)  
Personnel User Groups  
T&A Contact Points in California

Beginning with wages paid for Pay Period 4, the National Finance Center (NFC) will make the following changes to the state of California income tax withholdings:

- The low income exemption amount for Married with zero (0) or 1 allowance and Single will increase from \$11,271 to \$11,630.
- The low income exemption amount for Married with 2 or more allowances and Head of Household will increase from \$22,542 to \$23,259.
- The standard deduction for Married with zero (0) or 1 allowance and Single will increase from \$3,410 to \$3,516.
- The standard deduction for Married with 2 or more allowances and Head of Household will increase from \$6,820 to \$7,032.
- The Single, Married, and Head of Household withholding tables will change.
- The annual personal exemption tax credit will increase from \$91 to \$94.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to NFC's Home Page ([www.nfc.usda.gov](http://www.nfc.usda.gov)) and click the **Publications** link at the top of the page. At the Publications page right-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll/Personnel Call Center at **504-255-4630**.

MARK J. HAZUDA, Director  
Government Employees Services Division

# California State Income Tax Information

<b>State Abbreviation:</b>	CA
<b>State Tax Withholding State Code:</b>	06
<b>Acceptable Exemption Form:</b>	DE-4 or W-4
<b>Basis For Withholding:</b>	State or Federal Exemptions
<b>Acceptable Exemption Data:</b>	S, M, H / Number of Regular Allowances / Number of Allowances
<b>TSP Deferred:</b>	Yes
<b>Special Coding:</b>	Determine the Total Number Of Allowances Claimed field as follows: <b>First Position</b> – Enter the employee's marital status indicated on the allowance certificate. Enter M (married), S (single), or H (head of household). <b>Second and Third Positions</b> – Enter the total number of regular allowances claimed in Item 1 of the DE-4. If less than 10, precede with a zero. If no exemptions are claimed, enter 00. Determine the Additional Exemptions Claimed field as follows: <b>First and Second Positions</b> – Enter the number of allowances claimed in Item 2 of the DE-4. If less than 10, precede with a zero. If no allowances are claimed, enter 00.
<b>Additional Information:</b>	If the employee is using a W-4 in lieu of the California state DE-4, the information for the Additional Exemptions Claimed field should be noted on the W-4.

## Withholding Formula ►(Effective Pay Period 4, 2008)◄

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment(s) (includes dental and vision insurance program, and flexible spending account – health care and dependent care deductions) from the amount computed in Step 1.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages times ►27◄ to obtain the gross annual wages.
5. Determine if the employee's gross annual wages are less than or equal to the amount shown in the Low Income Exemption Table below. If so, no income tax is to be withheld.

**Low Income Exemption Table**

Single		Married	Head of Household
	Exemptions	Annual Wages	
\$ ►11,630	0 or 1 <sup>1</sup>	\$ 11,630	\$ 23,259
	2 or more <sup>1</sup>	23,259◄	

<sup>1</sup> Number of **regular** allowances claimed on DE-4 or W-4

6. Determine the **additional withholding allowance for itemized deductions** (AWAID) by applying the following guideline and subtract this amount from the gross annual wages.

AWAID = \$1,000 x Number of **Itemized** Allowances Claimed for **Itemized** Deductions on DE-4 or W-4

7. Subtract the standard deduction shown in the following table from the result of step 6 to determine the taxable income.

**Standard Deduction Table**

Single	Exemptions	Married Annual Wages	Head of Household
\$ ▶3,516	0 or 1 <sup>1</sup>	\$ 3,516	\$ 7,032
	2 or more <sup>1</sup>	7,032◀	

<sup>1</sup> Number of **regular** allowances claimed on DE-4 or W-4

8. Apply the taxable income computed in step 7 to the following table to determine the annual California income tax withholding.

**Tax Withholding Table  
Single**

If the Amount of Taxable Income Is:		The Amount of California Tax Withholding Should Be:			Of Excess Over:
Over:	But Not Over:				
\$ 0	\$ ▶6,827	\$ 0.00	plus	1.0%	\$ 0
6,827	16,185	▶68.27	plus	2.0%	▶6,827
16,185	25,544	255.43	plus	4.0%	16,185
25,544	35,460	629.79	plus	6.0%	25,544
35,460	44,814	1,224.75	plus	8.0%	35,460
44,814◀	999,999	1,973.07	plus	9.3%	44,814◀
999,999	and over	90,805.28◀	plus	10.3%	999,999

**Married**

If the Amount of Taxable Income Is:		The Amount of California Tax Withholding Should Be:			Of Excess Over:
Over:	But Not Over:				
\$ 0	\$ ▶13,654	\$ 0.00	plus	1.0%	\$ 0
13,654	32,370	▶136.54	plus	2.0%	▶13,654
32,370	51,088	510.86	plus	4.0%	32,370
51,088	70,920	1,259.58	plus	6.0%	51,088
70,920	89,628	2,449.50	plus	8.0%	70,920
89,628◀	999,999	3,946.14	plus	9.3%	89,628◀
999,999	and over	88,610.64◀	plus	10.3%	999,999

### Head of Household

If the Amount of  
Taxable Income Is:

The Amount of California  
Tax Withholding Should Be:

Over:	But Not Over:				Of Excess Over:
\$ 0	\$ ▶13,662	\$ 0.00	plus 1.0%	\$ 0	
13,662	32,370	▶136.62	plus 2.0%	▶13,662	
32,370	41,728	510.78	plus 4.0%	32,370	
41,728	51,643	885.10	plus 6.0%	41,728	
51,643	61,000	1,480.00	plus 8.0%	51,643	
61,000◀	999,999	2,228.56	plus 9.3%	61,000◀	
999,999	and over	89,555.47◀	plus 10.3%	999,999	

9. Determine the tax credit by applying the following guideline and subtract this amount from the result of step 8.

Tax Credit = ▶\$94◀ x Number of **Regular** Allowances Claimed on DE-4 or W-4

10. Divide the annual California income tax withholding by ▶27◀ to obtain the biweekly California income tax withholding.